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LIVESTOCK and MEAT SITUATION

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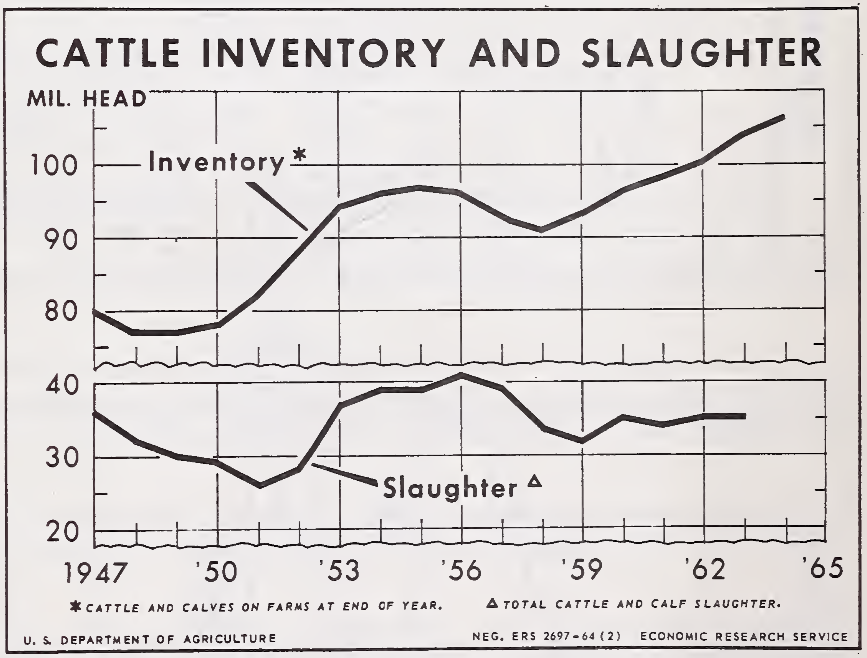
The U. S. cattle industry has enough animals to produce more beef than ever before. Beginning year inventories of cattle and calves on farms have increased steadily since 1958, reaching a record high 106.5 million head on January 1, 1964. The number of cattle and calf slaughtered, however, has increased only slightly because increases in cattle slaughter have been partially offset by decreases in calf slaughter. In 1958, cattle and calf slaughter amounted to over 37 percent of the beginning year inventory. During 1963, it had declined to about 33 percent.



CATTLE INVENTORY AND SLAUGHTER

* CATTLE AND CALVES ON FARMS AT END OF YEAR. △ TOTAL CATTLE AND CALF SLAUGHTER.

U. S. DEPARTMENT OF AGRICULTURE NEG. ERS 2697-64 (2) ECONOMIC RESEARCH SERVICE

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CATTLE CYCLE AND BEEF PRODUCTION

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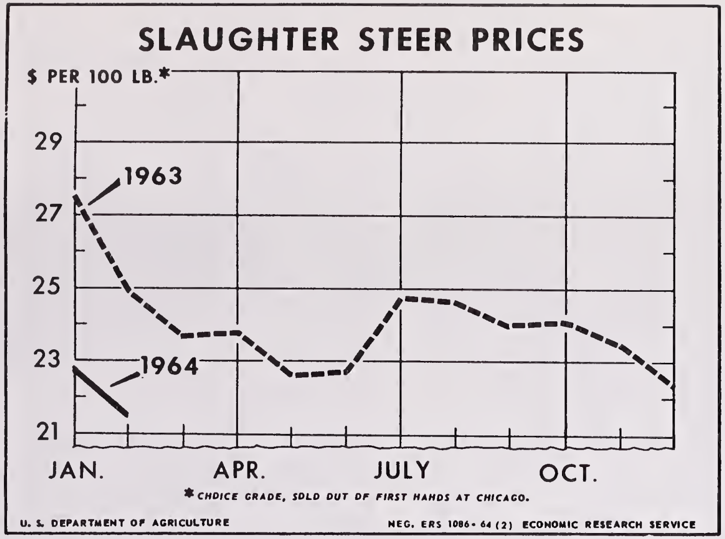
SLAUGHTER STEER PRICES

* CHOICE GRADE, SOLD OUT OF FIRST HANDS AT CHICAGO.

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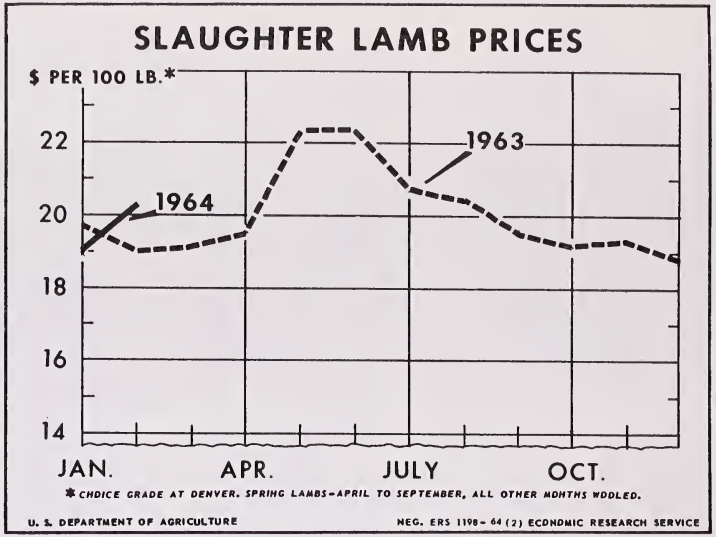
SLAUGHTER LAMB PRICES

* CHOICE GRADE AT DENVER. SPRING LAMBS-APRIL TO SEPTEMBER, ALL OTHER MONTHS WOOLED.

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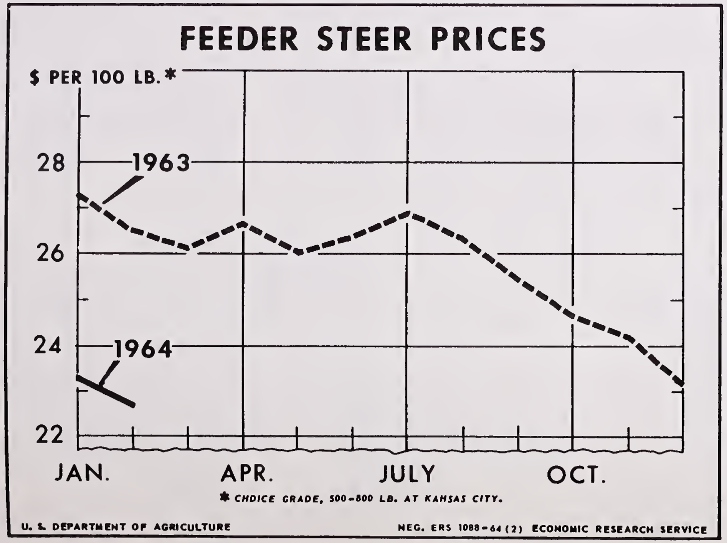
February is 3-week average.


FEEDER STEER PRICES

* CHOICE GRADE, 500-800 LB. AT KANSAS CITY.

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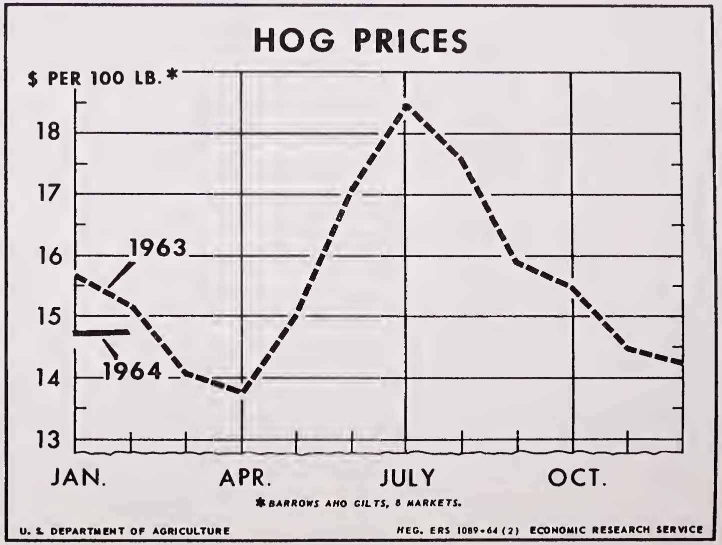
HOG PRICES

* BARROWS AND GILTS, 8 MARKETS.

U. S. DEPARTMENT OF AGRICULTURE NEG. ERS 1089-64 (2) ECONOMIC RESEARCH SERVICE

THE LIVESTOCK AND MEAT SITUATION

Approved by the Outlook and Situation Board, February 27, 1964

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SUMMARY

This year began with a record number of cattle on farms--106.5 million--making 1963 the sixth consecutive year in the buildup phase of the cattle cycle that began in 1958.

The beginning inventory on January 1, 1964, contained 6 percent more beef cows than a year earlier. The supply of cattle suitable for feedlot finishing was also up.

Beef imports in 1964 will be down from 1963, as a result of agreements signed between the United States and the governments of Australia, New Zealand, and Ireland to limit meat exports to the United States. These 3 countries supplied about three-fourths of the beef and veal imports last year. The agreement with New Zealand and Ireland covers beef and veal. The agreement with Australia also includes mutton.

A high level of cattle slaughter has been maintained in early 1964 as marketings from feedlots have been large. Fed cattle slaughter and slaughter weights in the second quarter probably will be a little below 1963 levels. Fed cattle marketings in the third quarter, however, are expected to be little different from a year earlier.

Fed cattle prices this spring probably will increase in response to smaller supplies. Prices probably will improve in the second quarter and

likely will be above the $23.02 for Choice steers at Chicago in April-June 1963. The increase likely will be carried into the third quarter.

The number of cattle placed on feed this year likely will be larger than in 1963. Feeder cattle prices are expected to show some strength this spring. However, the large supply available and losses suffered by feedlot operators during the past year will hold prices considerably below 1963 levels.

The national sheep herd declined 6 percent last year to 28.2 million head January 1, 1964--the smallest beginning inventory since records began in 1867. Slaughter rates this year likely will fall 4 to 6 percent below the 1963 level of 15.8 million head. There were 11 percent fewer sheep and lambs on feed at the first of the year and the 1964 lamb crop is likely to be down 2 to 4 percent.

Lamb prices have improved in recent weeks; at most markets they are above a year earlier. Some further price improvement is in prospect. Choice slaughter lambs at Denver sold for an average of $20.44 the third week in February.

The large hog and cattle slaughter in early 1964 continued to put strong downward pressure on hog prices. The price of barrows and gilts at 8 major markets combined averaged $14.70 per hundredweight in January, down 6 percent from a year earlier.

Hog slaughter is expected to continue heavy into March but to drop off progressively thereafter because of the reduced number of pigs born in late 1963. Prices in the second quarter and later likely will be higher than a year earlier.

REVIEW AND OUTLOOK

CATTLE

Cattle Cycle Continues Upward

Last year was the sixth consecutive year in the buildup phase of the cattle cycle that began in 1958. The inventory rose 2.6 percent, or the same as the average increase in the previous 5 years. However, unlike other recent years, fed cattle prices in 1963 were low and most feeder cattle moved at prices considerably below those of a year earlier.

Thus, a critical phase of the cattle cycle has been reached. There still can be further increases in per capita production of beef and at the same time continued expansion in the national herd, provided weather conditions are favorable to expansion. With increased numbers, however, the cattle industry is more vulnerable to drought. Stocking rates of western ranges must be matched with grass conditions and adjustments made very quickly if spring and summer grazing becomes unfavorable.

On the demand side, prospects for beef look favorable. Experience in the past decade suggests that normal gains in population, income, and a continued preference for beef make it possible for consumers to absorb some annual increases in beef production and still maintain relatively stable prices to cattle producers.

This year began with a record number of cattle on farms--106.5 million head. The beginning inventory contained 3 percent fewer dairy cows, but 5 percent more beef cows. The supply of cattle suitable for feedlot finishing was also up; there were 5 percent more beef calves, 5 percent more beef type hiefers 1 to 2 years old, and 3 percent more steers 1 year old and older. These gains were made even though cattle slaughter in 1963 was up 1.1 million head from 1962 and imports of live cattle were down 0.4 million head from a year earlier.

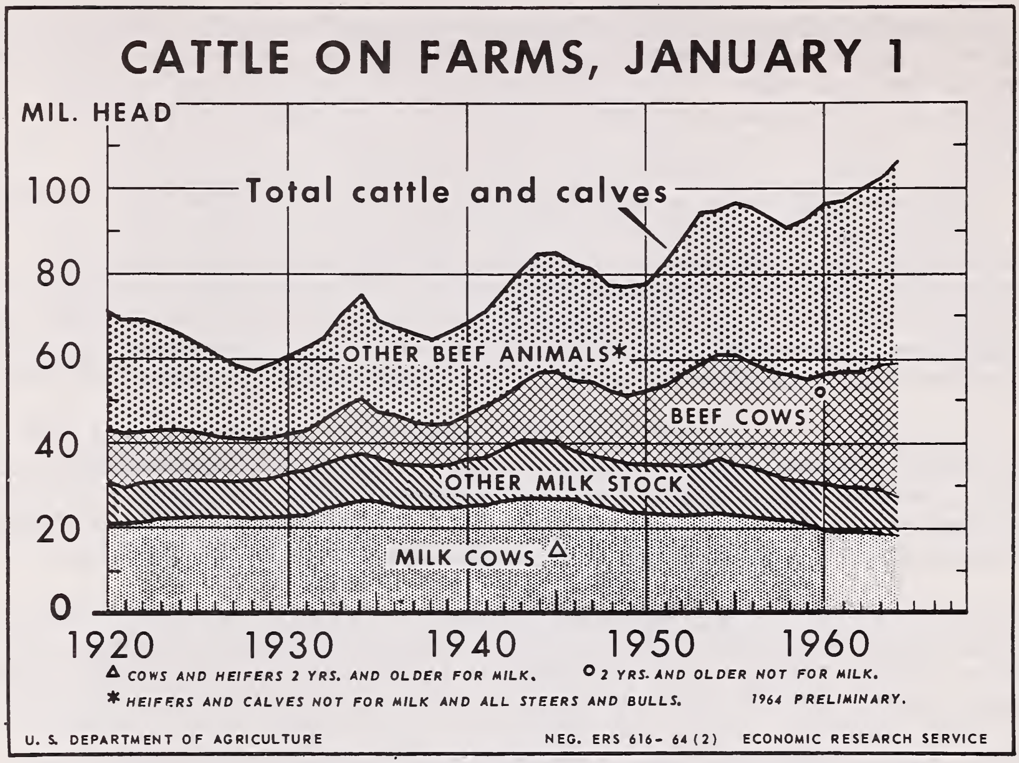
The capacity to produce beef is up again this year and larger than in any previous year. Total cattle and calf slaughter has been fairly stable during the past 3 years. (See cover chart.) Cattle slaughter increased in each of these years, but calf slaughter made partially offsetting declines. This results from slaughtering a higher percentage of all cattle at mature weights.

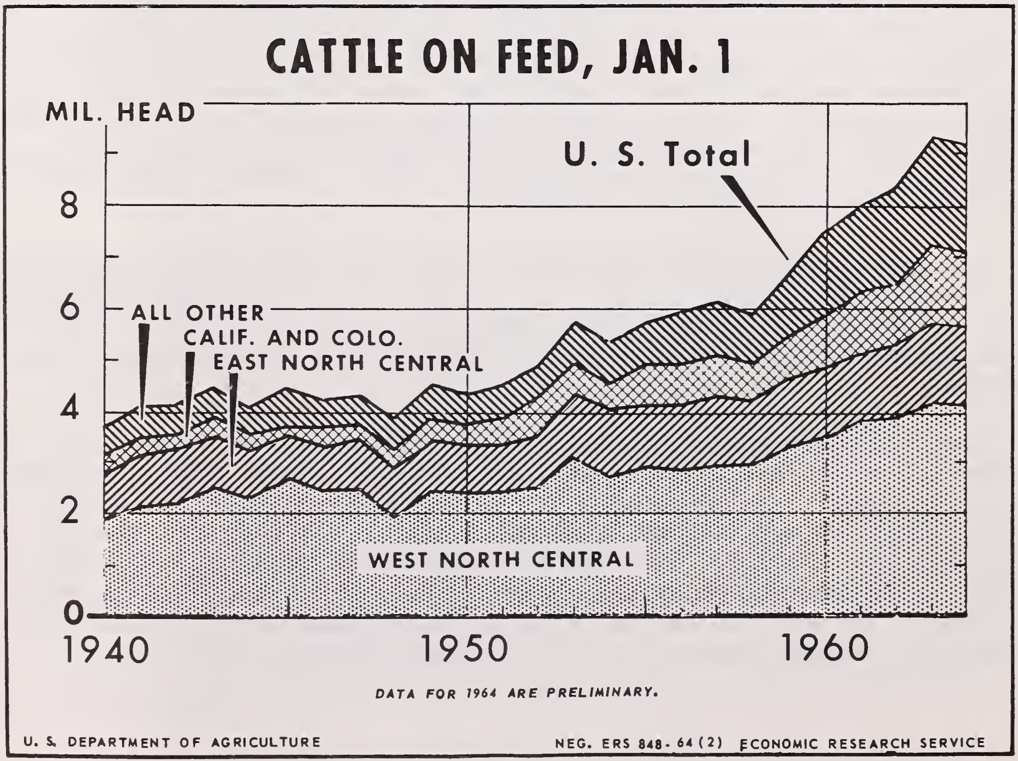
The beginning cattle inventory is up 6.5 million head from 3 years ago, but total cattle and calf slaughter is becoming a smaller percentage of this inventory. Total cattle and calf slaughter equaled 36 percent of the beginning inventory during 1958-60 but dropped last year to 34 percent of January 1, 1963, total number on farms. Thus, the number of cattle likely will continue to increase in 1964. Cattle and calf slaughter would have to rise about 12-15 percent in order for the inventory to stay at the January 1 level.

Cattle cycles, especially the downswings, are becoming shorter in duration. Cattle cycles in the early 1900's ran about 17 years, but the last cycle (1949-58) lasted only 9 years. Cattle numbers increased for 6 consecutive years to a peak of 96.6 million head in 1955; this was 26 percent above 1949. The buildup so far in the current cycle has been only 17 percent above the 91.2 million head on farms January 1, 1958.

The comparison is less striking if only beef type animals are compared. After 6 years in the buildup phase in the last cycle, beef cattle increased 42 percent; so far in the current cycle they have gained 33 percent. Beef cow numbers increased 52 percent in the 1949-58 cycle but only 32 percent thus far in this one.

The large increase in feedlot feeding of cattle before slaughter, probably more than any other development, has set this cattle cycle apart from previous ones. For example, cattle marketed out of feedlots in 1956-58 accounted for about 41 percent of all cattle slaughtered, but by 1961-63 this rose to about 55 percent. As a result of this shift toward higher quality beef, fewer animals are being slaughtered as calves, and steers and heifers are being marketed at younger ages. By adjusting operations in this manner, more beef is being produced per head slaughtered and per cow in the inventory.


CATTLE ON FARMS, JANUARY 1
MIL. HEAD
100
80
60
40
20
0
Total cattle and calves
OTHER BEEF ANIMALS*
BEEF COWS°
OTHER MILK STOCK
MILK COWS △
1920
1930
1940
1950
1960
△ COWS AND HEIFERS 2 YRS. AND OLDER FOR MILK.
° 2 YRS. AND OLDER NOT FOR MILK.
* HEIFERS AND CALVES NOT FOR MILK AND ALL STEERS AND BULLS.
1964 PRELIMINARY.
U. S. DEPARTMENT OF AGRICULTURE
NEG. ERS 616- 64 (2)
ECONOMIC RESEARCH SERVICE


CATTLE ON FEED, JAN. 1
MIL. HEAD
8
6
4
2
0
U. S. Total
ALL OTHER
CALIF. AND COLO.
EAST NORTH CENTRAL
WEST NORTH CENTRAL
1940
1950
1960
DATA FOR 1964 ARE PRELIMINARY.
U. S. DEPARTMENT OF AGRICULTURE
NEG. ERS 848- 64 (2)
ECONOMIC RESEARCH SERVICE

Generally, the same person no longer produces calves and fattens cattle. Cow-calf operators specialize in producing calves for feedlot operators who specialize in converting grain into beef.

With the introduction of large scale feedlot finishing, fluctuations in fed cattle prices may occur somewhat independently of the general cattle cycle. Prices of the various classes of cattle often move independently of each other. The price of high quality cattle in 1961 dropped sharply for a few months because there was a bulge in fed cattle marketings. But there was only a modest decline in feeder cattle prices and almost no change in cow prices. Fed cattle prices fell off sharply again in 1963. This did not however set off a liquidation of breeding herds. On the contrary, beef cow numbers rose 6 percent and exceeded the large increase in 1962. Annual increases the last 2 years were above earlier years in the cycle.

The number of cattle on farms today is large, but this factor alone probably will not bring about a downswing in numbers in 1964. Heavily stocked ranges mean that widespread drought would force a large scale movement of cattle to slaughter. However, ranges are probably not stocked so heavily that another year of spotty dryness would only shift cattle from one area of the country to another. Still, the current inventory is large enough to cause real concern to cattlemen. The capacity of the cattle industry to produce large quantities of beef is increasing. If this increase continues, factors that can trigger a downward adjustment will become increasingly important.

Beef and veal production was over 6 percent larger last year than in 1962, but the total number of cattle and calves slaughtered was up only 1.4 percent. Last year, cattle marketed out of feedlots (28 States for which quarterly data are available) was more than 6 percent above a year earlier, but the number placed on feed was down slightly. The 1963 calf crop increased 0.8 million head while live cattle imports dropped 0.4 million from a year earlier. Cattle and calf numbers rose 2.8 million head. The calf crop this year is expected to be up at least as much as last year's increase; cow slaughter probably will not differ greatly from the low level of the past few years unless unfavorable weather conditions develop. The beef cow herd likely will increase during 1964 even if cow slaughter is up somewhat.

Herd increases likely will continue as long as the increase in beef production does not appreciably lower the price outlook for all types of cattle and calves. However, should it become clear that low prices are not temporary, a downward adjustment in the cattle numbers would follow. When the adjustment does come, it could be of rather short duration such as in the 1949-58 cycle. The pattern of increased cow slaughter may not be much different from other downswings, but with mature cattle going to slaughter at younger ages, the backlog of aged steers will be smaller. Therefore, it will take a much shorter period of time to adjust. Also, if a smaller percentage of cattle and calves move through feedlots on the downswing in number, the amount of beef produced per head slaughtered will be lowered. This would mean that more cattle would go to slaughter to produce the same amount of beef; the effect would be to bring the inventory more quickly in line with market demands.

Table 1.--Number of livestock on farms and ranches January 1, United States, 1955 to date 1/

Year	Number on farms January 1					Index numbers, by groups (1957-59=100)			
	All cattle and calves	All sheep and lambs	Hogs	Horses and mules	Chickens	Total livestock and poultry	Meat animals	Milk cattle	Poultry
	1,000 head	1,000 head	1,000 head	1,000 head	1,000 head				
1955	96,592	31,582	50,474	4,309	390,708	104	103	111	100
1956	95,900	31,157	55,354	3,958	383,690	104	104	107	98
1957	92,860	30,654	51,897	3,632	391,363	100	100	105	102
1958	91,176	31,217	51,517	3,415	374,281	98	98	100	97
1959	93,322	32,606	58,045	3,189	387,002	102	102	95	101
1960	96,236	33,170	59,026	3,089	369,484	104	104	93	96
1961	97,319	32,967	55,443	3/	360,576	104	104	92	96
1962	99,782	31,305	56,942	3/	367,368	106	106	92	97
1963	103,512	29,777	58,824	3/	365,615	110	110	89	97
1964 2/	106,260	28,133	55,948	3/	369,276	111	111	86	97

1/ Data for 48 States.
2/ Preliminary
3/ Estimates were discontinued in 1961.

Table 2.--Number of cattle and calves on farms and ranches January 1, by classes, United States, 1955 to date 1/

Year	For milk				Not for milk					
	Cows and heifers, 2 years and over	Heifers, 1 to 2 years old	Heifer calves	Total	Cows and heifers, 2 years and over	Heifers, 1 to 2 years old	Calves	Steers, 1 year old and over	Bulls, 1 year old and over	Total
	1,000 head	1,000 head	1,000 head	1,000 head	1,000 head	1,000 head	1,000 head	1,000 head	1,000 head	1,000 head
1955	23,462	5,786	6,094	35,342	25,659	6,514	18,804	8,444	1,829	61,250
1956	22,912	5,407	5,890	34,209	25,371	6,206	18,869	9,483	1,762	61,691
1957	22,325	5,267	5,699	33,291	24,534	5,926	18,405	8,991	1,713	59,569
1958	21,265	5,126	5,571	31,962	24,165	5,903	18,275	9,252	1,619	59,214
1959	20,132	5,050	5,526	30,708	25,112	6,557	19,407	9,931	1,607	62,614
1960	19,527	5,079	5,575	30,181	26,344	7,036	20,425	10,574	1,676	66,055
1961	19,342	5,060	5,546	29,948	27,028	7,047	20,652	10,942	1,702	67,371
1962	19,148	4,960	5,414	29,522	28,231	7,309	21,995	11,026	1,699	70,260
1963	18,660	4,818	5,146	28,624	29,893	7,884	23,275	12,094	1,742	74,888
1964 2/	18,055	4,555	5,018	27,628	31,697	8,287	24,362	12,480	1,806	78,632

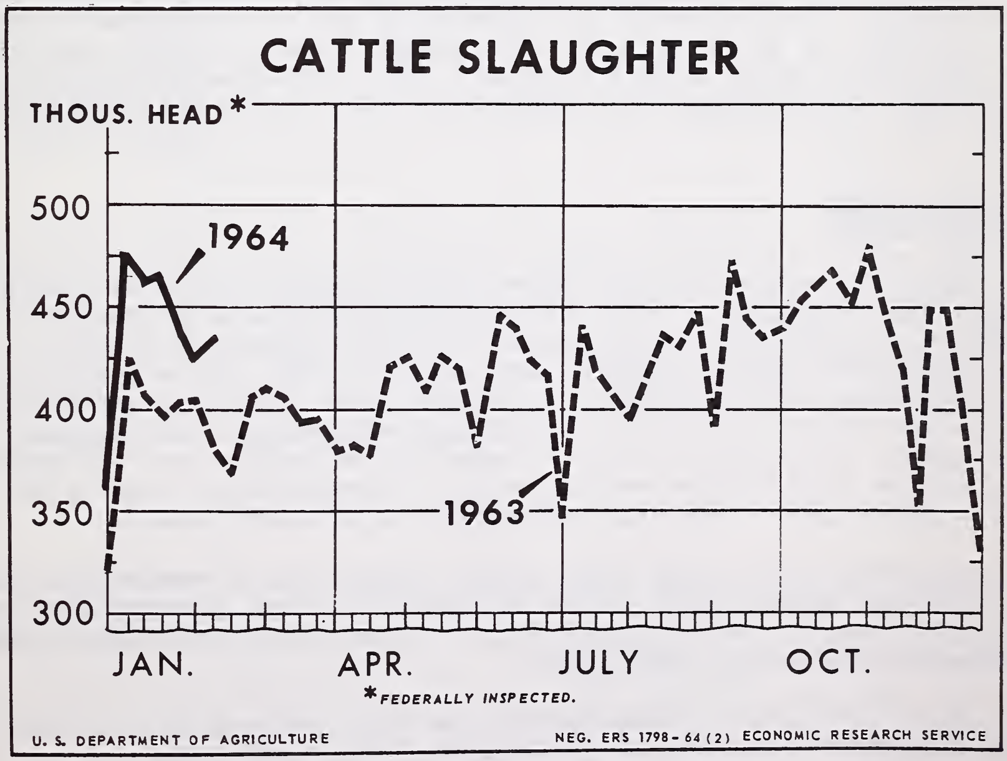
1/ Data for 48 States.
2/ Preliminary.

Fed Cattle Slaughter to Decline This Spring

Beef supplies have continued ample again thus far this year. Through late February weekly cattle slaughter under Federal inspection has averaged 5 to 17 percent above the same week a year earlier. Slaughter weights have also remained higher although the margin has narrowed. This results from increasing weights this time last year, rather than from lighter weights this year.

Cattle slaughter has continued high as cattle feeders market the many heavy weight cattle they held on January 1. The number of cattle and calves on feed January 1 in 28 States was down 1 percent from a year earlier; cattle weighing 900 pounds and over, however, were up 11 percent. Continued heavy slaughter in January and February indicates that by spring most of these heavy weight cattle will have moved to slaughter.

Cattle slaughter this quarter may be slightly less than fourth quarter 1963 slaughter. It may reach 5 to 7 percent above January-March 1963. Fed cattle marketings will be about the same as last October-December but well above first quarter 1963.



Fed cattle slaughter and slaughter weights probably will fall below year-earlier levels in the second quarter. Here's why: Cattle and calves on feed April 1 likely will be down from a year earlier because first quarter marketings are heavy and placements in feedlots likely will not differ much from the first 3 months in 1963. Even if placements do rise, cattle on feed will be down as the second quarter begins. Placements would have to rise about 10 percent to reach the year-earlier "on feed" level by April 1.

Feeder cattle movements are not down from lack of feeder cattle, but rather because cattle feeders were reluctant to fill up lots this winter. Feeder supplies are larger than a year ago. The available supplies of steers and heifers outside of feedlots were up 4 percent and 7 percent, respectively, on January 1. Also, there were 1 million more calves on farms January 1--up 5 percent from a year earlier.

More cattle will probably be placed on feed this year than last; but no appreciable gain is expected until after the winter months. Feeder movements this spring and summer will largely determine fed cattle slaughter the second half of 1964. Even though larger placements in feedlots are likely in the second and third quarters, fed cattle marketings in the third quarter will probably not differ much from a year earlier.

Beef cows have increased 6 percent in each of the last 2 years. However, a heavy movement to slaughter is not expected if weather conditions are favorable. Slaughter of grass fed cattle this summer probably will be only a little above 1963 levels unless dryness develops. Also, strengthening spring prices should reduce the likelihood of a large scale movement of either grass fed cattle or cows this year.

Fed Cattle Prices Up This Spring

Fed cattle prices will strengthen some in response to lower supplies this spring. Choice slaughter steers at Chicago averaged $22.61 in January or about the same as last December. Weekly prices declined somewhat in February. Fed cattle prices will improve after the run of heavy weight cattle moves to slaughter. Fed cattle prices probably will improve in the second quarter and likely will be above the $23.02 Choice steers brought at Chicago a year earlier. Second quarter steer and heifer beef production, as well as pork production, likely will be down from year-earlier rates in these months, lowering the available red meat supply. This will lend support to livestock prices.

The improvement in fed cattle prices likely will be carried into the third quarter. As fed cattle prices improve this spring, placements of feeder cattle will pick up. This likely will prevent any strong or prolonged price improvement in fed cattle this summer.

Price differentials among weight classes and among grades may widen this spring and summer in absence of a burdensome heavy weight supply.

Table 3.--Selected prices per 100 pounds of cattle, by months, 1963 and 1964

Month	Chicago				Kansas City			
	Choice steers		Utility cows		Good feeder steers 500-800 lbs.		Choice feeder steer calves	
	1963	1964	1963	1964	1963	1964	1963	1964
	Dol.	Dol.	Dol.	Dol.	Dol.	Dol.	Dol.	Dol.
January	27.27	22.61	15.07	13.19	25.14	21.32	29.50	26.01
February	24.93	1/21.52	15.00	1/13.40	24.42	1/20.94	29.68	1/26.29
March	23.63		15.52		24.00		29.18	
April	23.77		15.74		24.18		29.48	
May	22.61		16.31		23.74		28.96	
June	22.69		16.26		24.18		29.21	
July	24.72		15.33		24.77		29.42	
August	24.60		15.65		24.15		28.66	
September	23.94		15.10		23.56		27.91	
October	24.03		14.64		22.84		27.04	
November	23.51		13.82		22.41		26.78	
December	22.30		12.71		21.14		25.74	
Average	23.96		15.10		23.71		28.46	

1/ 3-week average.

Choice feeder steers (500-800 pounds) at Kansas City averaged $23.21 in January. Higher fed cattle prices will stimulate interest in feeder cattle this spring and summer and prices likely will improve. Increased demand for cattle to go on grass this spring will also work to raise feeder cattle prices. However, even with a seasonal increase in demand, prices probably will not approach 1963 levels. This is because the supply suitable for feedlots is large and many feedlot operators are cautious after recent losses. Also feed prices will average higher this winter and spring.

HOGS

The price of barrows and gilts at 8 major markets combined averaged $14.70 per hundredweight in January, down 6 percent from a year earlier. Prices in January were under exceptionally strong pressure from the large slaughter of hogs and cattle. January prices were off less from a year earlier than in several other months during the past year, when pressures from large pork and beef supplies were not as strong. Cold storage stocks of pork at the beginning and end of the month were at record levels for recent years. An unusually large increase in stocks during January lent some support to hog prices.

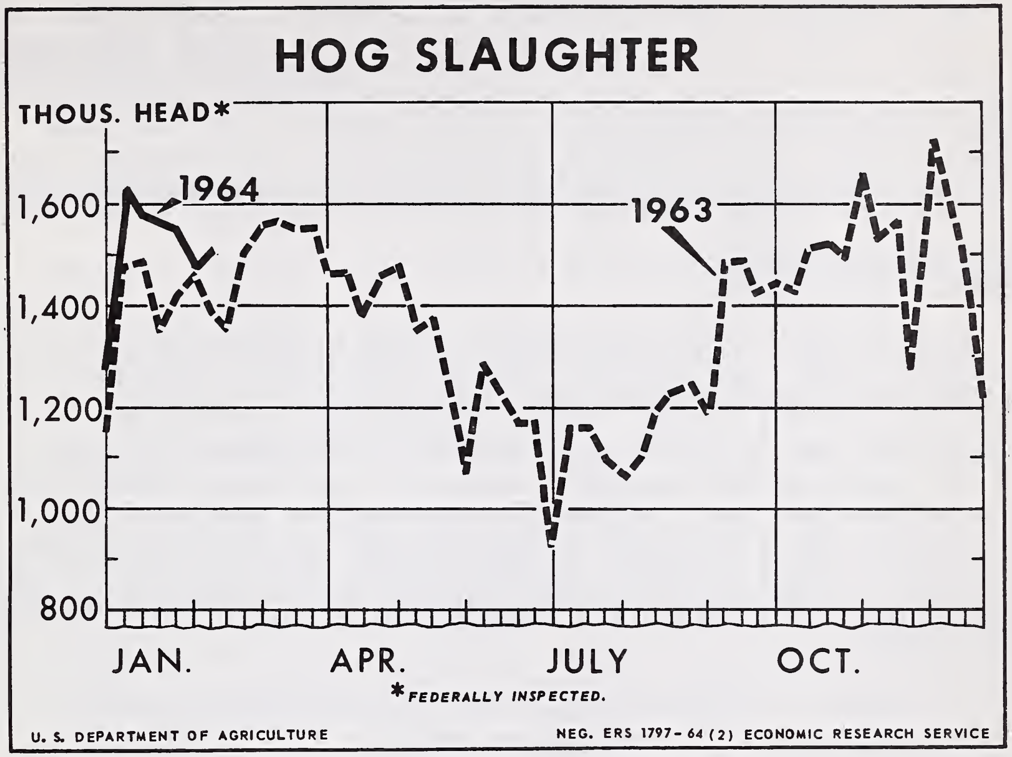
Table 4.--Price of barrows and gilts and commercial production of pork and all red meat, by months, 1962 to date

Month	Price of barrows and gilts per 100 pounds 8 markets combined			Commercial production					
				Pork			All red meat		
	1962	1963	1964	1962	1963	1964	1962	1963	1964
	Dol.	Dol.	Dol.	Mil. lb.	Mil. lb.	Mil. lb.	Mil. lb.	Mil. lb.	Mil. lb.
Jan.	16.98	15.65	14.70	1,017	1,063	1,161	2,503	2,560	2,818
Feb.	16.69	15.14		864	923		2,110	2,218	
Mar.	16.31	14.07		1,010	1,056		2,388	2,463	
Apr.	15.81	13.78		932	1,037		2,210	2,468	
May	15.51	15.01		964	986		2,421	2,515	
June	16.87	17.10		853	824		2,257	2,249	
July	18.30	18.44		798	850		2,220	2,356	
Aug.	18.50	17.55		867	858		2,361	2,395	
Sept.	18.82	15.89		787	955		2,129	2,439	
Oct.	16.87	15.47		1,092	1,111		2,619	2,783	
Nov.	16.50	14.47		1,052	1,075		2,405	2,504	
Dec.	16.16	14.21		993	1,130		2,268	2,572	
Year	16.82	15.38		11,229	11,868		27,891	29,521	

Commercial production of pork (excluding lard) in January was over 9 percent above a year earlier. The combined production of beef, veal, lamb and mutton, and pork in January was up about 10 percent. In 1963, relative increases in pork and total red meat production from a year earlier were this big or larger only in April, September, and December. In contrast, prices of barrows and gilts in each of those months declined from a year earlier much more severely than in January this year. The relative stability of barrow and gilt prices in January this year, although meat supplies were very large, probably was in anticipation of lower slaughter rates of both cattle and hogs by spring.

The increase in commercial hog slaughter during the last half of 1963 was greater than the increase in the December 1962-May 1963 pig crop. Larger hog slaughter was primarily the result of 3 factors: (1) A larger portion of gilts from this crop went to slaughter, (2) A sharp reduction in death losses, and (3) A substantial decline in farm slaughter. These developments contributed to larger commercial slaughter in the second half of 1963 in relation to the size of the December 1962-May 1964 pig crop than in other years.

Commercial slaughter of hogs during the first half of 1964 may not decrease as much as would be indicated by the 4 percent decline in the June-November 1963 pig crop, if reductions in deaths and farm slaughter continue.



Hog Slaughter to
Decline by Spring

Hog slaughter is expected to taper off by the end of the first quarter because 4 percent fewer pigs were born in June-November last year. Pigs born in the latter part of this period will provide most of the slaughter supplies through early summer. The pig crop last June-November was down 4 percent from a year earlier, but all the decline came after July. Two percent more sows farrowed in June and 3 percent more in July than a year earlier. But August showed a decline of 10 percent; September, 8 percent; October, 3 percent; and November, 6 percent.

April-June slaughter likely will be down about 3 to 5 percent from a year earlier. Slaughter in these months last year was the largest for the second quarter since the record in 1944. Prices of barrows and gilts at 8 major markets reached a low of $13.78 last April and averaged $15.30 for the quarter. Prices in the second quarter this year are expected to be around $1.00 higher.

Hog slaughter in the second half of this year likely will be down somewhat from year-earlier levels and prices are expected to average higher than in 1963. Prices during the peak period likely will be moderately above those a year earlier when prices of barrows and gilts at 8 markets averaged $18.44, highest for the year. Prices are not expected to go down as rapidly as in 1963 once the seasonal high is reached.

A pig crop report for 10 Corn Belt States will be issued March 20.

Hogs and Pigs on Farms on January 1 Down 5 Percent

Hogs and pigs on farms and ranches January 1 totaled 56.0 million head--down 5 percent from a year earlier. This was the smallest January 1 inventory since 1961 and was about equal to the 1958-62 average.

Decreases from a year earlier were general throughout the country, with only a few States showing increases. Except for the Western region, where hog inventories were down only 1 percent, the decrease was smallest in the 12 North Central States--4 percent. These States accounted for 78 percent of the 50-State inventory total. January 1 inventories were down 9 percent in the South Central region, 6 percent in the North Atlantic, and 5 percent in the South Atlantic region.

Table 5.--Selected prices per 100 pounds of livestock by months, 1963-64

Month	Barrows and gilts at 8 markets 1/		Sows at 8 markets 1/		Choice lambs at Denver		Good ewes at Denver	
	1963	1964	1963	1964	1963	1964	1963	1964
	Dol.	Dol.	Dol.	Dol.	Dol.	Dol.	Dol.	Dol.
January	15.65	14.70	13.37	12.02	19.79	19.12	8.08	7.78
February	15.14	2/14.72	13.32	2/12.48	19.00	2/20.21	7.76	2/8.12
March	14.07		12.41		19.07		8.33	
April	13.78		11.97		19.48		8.68	
May	15.01		12.77		22.29		5.96	
June	17.01		13.87		22.32		6.92	
July	18.44		14.98		20.72		5.77	
August	17.55		15.07		20.44		5.88	
September	15.89		14.22		19.48		5.64	
October	15.47		13.82		19.15		5.70	
November	14.47		12.57		19.33		6.76	
December	14.21		11.28		18.85		7.65	
Average	15.38		13.43		19.99		6.93	

1/ Average for all weights at Midwest markets. 2/ 3-week average.

Compiled from Market News, Livestock Division, AMS.

SHEEP AND LAMBS

Sheep and Lambs Decline for Fourth Consecutive Year

Sheep and lambs on farms January 1, 1964, numbered 28.2 million head. This was 6 percent below the year-earlier inventory and the smallest beginning inventory since records began in 1867. The inventory has trended downward since the record high peak of 56.2 million head was reached on January 1, 1942.

Sheep and lambs on feed declined 11 percent to 3.6 million head, lowest since 1951.

The stock sheep inventory dropped 5 percent to 24.5 million head; all classes within this group declined. Ewe and wether lambs fell 5 percent and 3 percent, respectively, from January 1, 1963. Sheep 1 year old and over were down 5 percent; ewes were down 4 percent, rams down 6 percent, and wethers were off 12 percent.

Numbers declined generally throughout the country. The 35 Native States showed the largest declines. Stock sheep in the Native States totaled 6.8 million head or 9 percent below January 1, 1963. Of the 35 States, only New York gained over a year earlier--by 2 percent. In all other States, the stock sheep inventory either held steady or declined. States showing the largest declines were: Illinois (14 percent), Kansas (14 percent), Minnesota (12 percent), and North Dakota (11 percent).

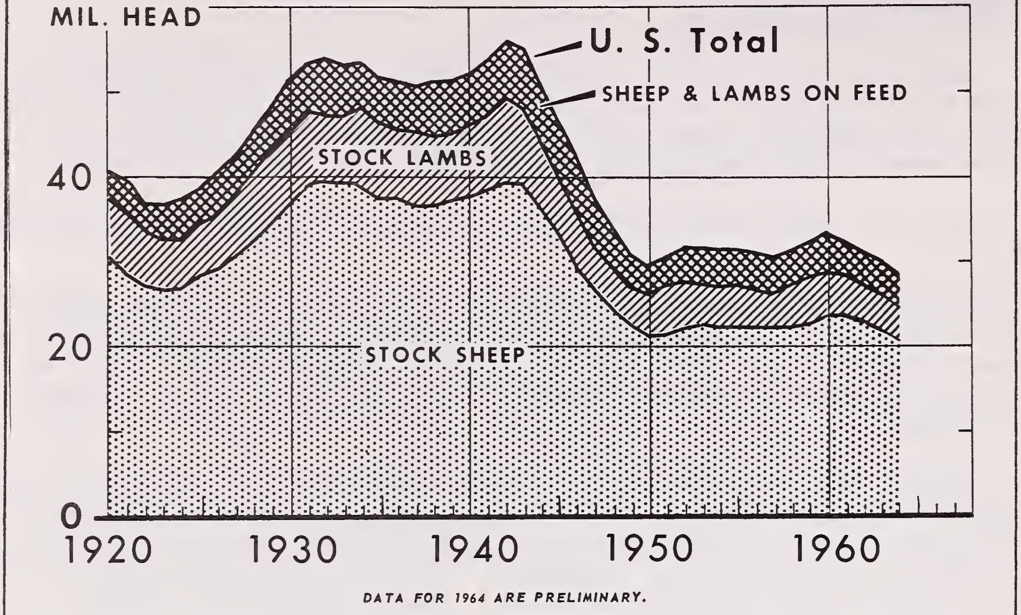
The 13 Western sheep States (11 Western plus Texas and South Dakota) had 17.7 million stock sheep on hand January 1, 1964. This was down 3 percent from a year earlier. Inventory in Texas, the leading sheep State, was down 4 percent. Montana, Wyoming, Arizona, and Washington did not change from a year earlier. All other States were off.

The Western States have accounted for a larger proportion of ewes 1 year old or older in the United States during the past 4 years. This means that the region is becoming relatively more important in U. S. sheep and lamb production--even though total inventory in the region is declining. The beginning 1964 inventory in the 13 States contained 72 percent of all stock ewes. It averaged 67 percent, 1957-60.

The 1964 lamb crop likely will be off 3-5 percent again because of the decline in stock sheep inventories. Last year's lamb crop, at 19.3 million head, was down 5 percent or almost a million head from 1962, a year when ewes and ewe lambs declined 5 percent.

Slaughter rates this year can be expected to fall 4 to 6 percent below the 1963 level of 15.8 million head. This is because 11 percent fewer sheep and lambs were on feed January 1 compared with a year earlier and the lamb crop will be smaller.

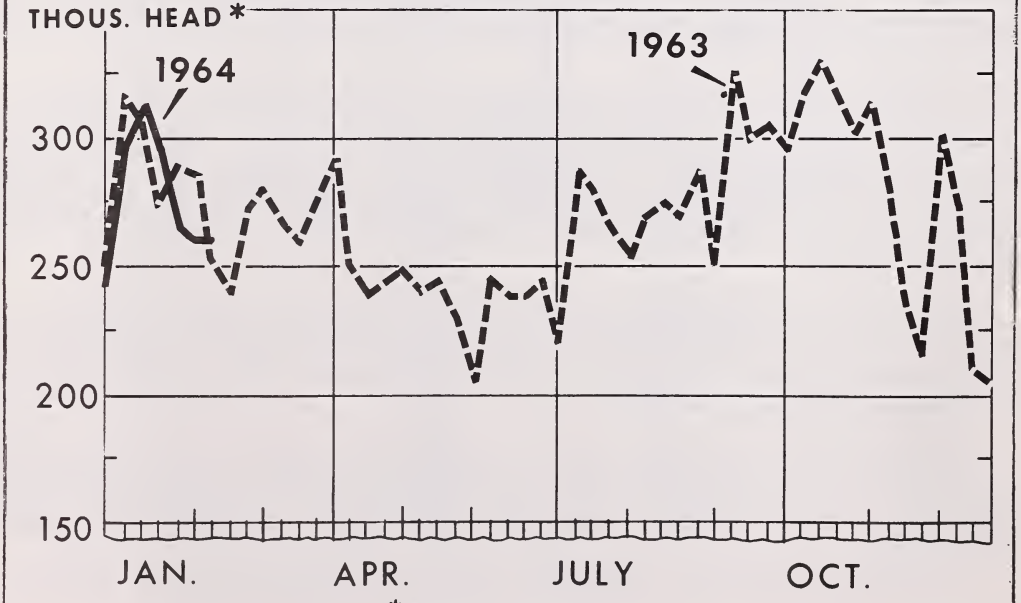
SHEEP AND LAMBS ON FARMS, JAN. 1



DATA FOR 1964 ARE PRELIMINARY.

U. S. DEPARTMENT OF AGRICULTURE NEG. ERS 21-64 (2) ECONOMIC RESEARCH SERVICE

SHEEP AND LAMB SLAUGHTER



* FEDERALLY INSPECTED.

U. S. DEPARTMENT OF AGRICULTURE NEG. ERS 1796-64 (2) ECONOMIC RESEARCH SERVICE

Table 6.--Number of sheep and lambs on feed
January 1, by regions, 1955 to date

Year	11 Corn Belt States 1/		Western States 2/	United States
	East	West		
1955	601	1,703	2,061	4,445
1956	641	1,466	2,037	4,267
1957	654	1,587	1,980	4,306
1958	619	1,587	1,776	4,050
1959	614	1,790	2,012	4,498
1960	617	1,700	1,929	4,321
1961	597	1,784	1,925	4,411
1962	555	1,647	1,979	4,255
1963	517	1,469	2,016	4,062
1964 3/	459	1,360	1,763	3,618

1/ North Central States, except South Dakota.

2/ 11 Western States plus Texas and South Dakota.

3/ Preliminary.

Sheep and lamb slaughter rates in 1962 and 1963, though declining, remained high in relation to the stock sheep inventory. While numbers were building up from 1958 through 1961, commercial slaughter averaged just over 55 percent of each year's beginning stock sheep inventory. Slaughter the past 2 years averaged almost 62 percent of the beginning inventory when herds were being reduced. About 65 percent of the beginning stock sheep inventory would have to go into commercial slaughter in 1964 to maintain last year's slaughter level. This is not likely to happen. Commercial slaughter is expected to total about 60 percent of the beginning inventory.

Lower sheep and lamb numbers have cut potential for future production. Numbers may drop less this year. Supplies of competing meats during most of 1963 were high and lamb prices failed to respond to lower lamb supplies. Live lamb prices will probably continue to increase this spring. This results because of reduced lamb slaughter and because total meat supplies will have fallen below year-earlier levels.

Early 1964 Lamb Slaughter Down 5 Percent

Weekly slaughter rates of sheep and lambs in federally inspected plants were down slightly in January from a year earlier but during February have averaged 9 percent below the same week a year earlier. Slaughter rates likely will continue below year-earlier levels much of this year. However, since Easter is early (March 29), slaughter rates may be stepped up in some weeks in March even though total slaughter supplies are down. Lambs going to slaughter this first quarter are mostly from last year's lamb crop except for a special Easter trade. By the middle of the second quarter, most slaughter lambs will come from the 1964 lamb crop, expected to be down 3 to 5 percent. The early lamb crop (lambs born before March 15) may not be off as much as the late lamb crop this year because most early lambs come from the Western States where the number of breeding ewes did not decline as much as in the Native States.

Lamb prices have improved in recent weeks. At most markets, prices in February were above year-earlier prices. Choice lambs at Denver averaged $18.50 per hundred pounds the last week of December 1963; by the third week in February prices had risen to $20.44, up $1.53 from a year earlier. Some further price improvement is expected. The supply of fat lambs is down and may continue lower. Also, neither beef or pork is expected to offer as much competition this spring and summer. Therefore, lamb prices likely will respond more to lower slaughter volume in coming months.

Feeder lamb prices have remained at about year-earlier levels so far in 1964. Supplies are down seasonally and also down from year-earlier levels. Feeder lamb prices likely will improve some this spring and follow any price movement in slaughter lambs.

United States Concludes Meat Agreements With Australia and New Zealand

The Secretary of Agriculture announced February 17 that the governments of Australia and New Zealand had signed agreements with the United States to limit meat exports to this country. On February 25 announcement was made of a similar agreement with Ireland.

Imports of beef, veal, and mutton this year will be limited to about the same as the 1962-63 average.

Australia has agreed to limit its exports in 1964 to 242,000 long tons (542 million pounds), in 1965 to 251,000 long tons (562 million pounds) and in 1966 to 260,000 long tons (582 million pounds) product weight of the meats covered in its agreement.

New Zealand has agreed to limit its exports in 1964 to 103,000 long tons (231 million pounds), in 1965 to 107,000 long tons (239 million pounds), and in 1966 to 111,000 long tons (248 million pounds) product weight of the meats covered in its agreement.

Ireland has agreed to limit its exports in 1964 to 34,000 long tons (76 million pounds), in 1965 to 35,300 long tons (79 million pounds), and in 1966 to 36,600 long tons (82 million pounds).

These agreements mean that future expansion of beef imports will be far below recent percentage increases. Australia's exports of beef and veal to the

United States for instance, were 442 million pounds in 1962, 89 percent over a year earlier. In 1963, they were 17 percent above 1962. Without these agreements, beef and veal imports this year were expected to increase 8 to 10 percent. Instead, they will decline. Under the agreements, imports from Australia, New Zealand and Ireland will increase at an annual rate of 3.7 percent in 1965 and again in 1966. The agreements provide for triennial review of this growth rate and adjustment as appropriate for each succeeding period; the first review will take place no later than October 1, 1966.

The agreements with New Zealand and Ireland cover beef and veal in all forms other than canned, cured, and cooked meats and live animals. The one with Australia covers mutton as well. Australia is the only substantial foreign supplier of mutton to the United States. Mutton is partially interchangeable in use with manufacturing beef, the kind accounting for the bulk of American beef imports.

Under the agreements, beef and veal imports cannot be substantially upgraded by a shift to more primal cuts. It is understood that future shipments will be of approximately the same composition as recent shipments of manufacturing grade meats and primal cuts. Australia also has agreed that future shipments to the United States will consist of approximately the same proportions of beef and mutton as recent shipments.

The agreements are of indefinite duration. Each can be terminated at the end of any calendar year provided notice of at least 180 days has been given by either of the governments involved.

The four governments agreed on the desirability of expanding world trade in meat and meat products. They reaffirmed their intentions to continue efforts under the General Agreement on Tariffs and Trade (GATT) to negotiate broader international arrangements to expand access of meat exporting countries to all major world markets. The present agreements could be incorporated in such broader arrangements.

RANK OF STATES IN LIVESTOCK NUMBERS

How important livestock production is to a State shows up when its production is compared with other States. Classes of livestock on farms January 1, 1964, and the number of pigs saved during 1963, ranked by States, are shown in tables 7 and 8.

Ranking of the top 10 States in numbers of all cattle and calves changed some. Wisconsin (8) changed places with Missouri (7) this year compared with last. Illinois (11) and South Dakota (9) also traded places in the ranking as Illinois dropped out of the leading 10 States. Significantly, North Dakota rose from twentieth place last year to fifteenth this year. Texas continued its number 1 ranking for all classes of cattle except in number of dairy cows. States such as Illinois and Colorado rank higher in total beef cattle than they do in either all cattle or beef cows because they have large numbers of cattle and calves on feed.

Table 7.--Rank of States in number of cattle and calves on farms, January 1, 1964

Rank	All cattle and calves		Beef cattle and calves (cattle not for milk)			
			Total		Beef cows 2 years and over	
	State	Number	State	Number	State	Number
		1,000 head		1,000 head		1,000 head
1	Texas	10,342	Texas	9,494	Texas	5,170
2	Iowa	7,053	Iowa	5,764	Oklahoma	1,839
3	Nebraska	6,004	Nebraska	5,565	Nebraska	1,801
4	Kansas	5,431	Kansas	4,906	Kansas	1,549
5	California	4,682	South Dakota	3,691	South Dakota	1,526
6	Minnesota	4,474	Oklahoma	3,668	Missouri	1,396
7	Missouri	4,391	Missouri	3,432	Montana	1,307
8	Wisconsin	4,382	California	3,320	Iowa	1,145
9	South Dakota	4,074	Illinois	3,068	Louisiana	936
10	Oklahoma	4,029	Montana	2,563	California	927
11	Illinois	3,978	Colorado	2,433	Mississippi	923
12	Montana	2,674	Minnesota	2,239	Colorado	887
13	Colorado	2,616	North Dakota	1,831	North Dakota	834
14	Kentucky	2,495	Kentucky	1,717	Florida	796
15	North Dakota	2,232	Mississippi	1,628	Kentucky	788
16	Ohio	2,204	Indiana	1,530	Alabama	752
17	Indiana	2,188	Louisiana	1,507	Illinois	751
18	Tennessee	2,154	Florida	1,479	Tennessee	700
19	Mississippi	2,149	Tennessee	1,439	New Mexico	696
20	New York	2,067	Alabama	1,393	Arkansas	667
21	Pennsylvania	1,912	Idaho	1,283	Oregon	632
22	Louisiana	1,890	Oregon	1,278	Wyoming	613
23	Alabama	1,775	Wyoming	1,247	Georgia	606
24	Michigan	1,752	Georgia	1,239	Idaho	481
25	Florida	1,726	Ohio	1,208	Minnesota	456
26	Idaho	1,651	Arkansas	1,192	Virginia	425
27	Georgia	1,571	New Mexico	1,189	Indiana	392
28	Oregon	1,537	Washington	1,026	Arizona	385
29	Arkansas	1,485	Arizona	1,004	Washington	355
30	Washington	1,426	Virginia	832	Ohio	284
31	Virginia	1,363	Wisconsin	669	Nevada	280
32	Wyoming	1,288	Michigan	651	Utah	277
33	New Mexico	1,257	Utah	552	North Carolina	249
34	Arizona	1,084	Nevada	520	South Carolina	199
35	North Carolina	925	North Carolina	503	West Virginia	174
36	Utah	712	Pennsylvania	469	Wisconsin	152
37	Nevada	552	South Carolina	386	Michigan	123
38	South Carolina	547	West Virginia	332	Pennsylvania	101
39	West Virginia	504	Hawaii	198	Hawaii	80
40	Maryland	473	Maryland	143	New York	49
41	Vermont	410	New York	141	Maryland	45
42	Hawaii	220	Maine	27	Maine	9
43	Maine	186	New Jersey	16	New Jersey	5
44	New Jersey	180	Vermont	16	Delaware	4
45	Massachusetts	142	Delaware	11	Connecticut	3
46	Connecticut	131	Massachusetts	11	Massachusetts	3
47	New Hampshire	95	Connecticut	10	Vermont	3
48	Delaware	48	New Hampshire	7	New Hampshire	2
49	Rhode Island	19	Alaska	4	Alaska	2
50	Alaska	8	Rhode Island	1	Rhode Island	---
United States		106,488		78,834		31,779

Table 8.--Rank of States in number of milk cows and sheep on farms, January 1, 1964 and pigs saved 1963

Rank	Milk cows 2 years and over		All sheep and lambs		Number of pigs saved 1/	
	State	Number	State	Number	State	Number
		1,000 head		1,000 head		1,000 head
1	Wisconsin	2,378	Texas	5,292	Iowa	20,271
2	Minnesota	1,407	Wyoming	2,238	Illinois	12,881
3	New York	1,338	California	1,767	Indiana	8,003
4	Pennsylvania	949	Colorado	1,706	Missouri	6,743
5	California	867	South Dakota	1,641	Minnesota	6,445
6	Iowa	844	Montana	1,583	Nebraska	4,646
7	Michigan	687	Iowa	1,290	Ohio	4,313
8	Ohio	677	Utah	1,271	Wisconsin	3,685
9	Missouri	633	New Mexico	1,089	South Dakota	2,939
10	Texas	556	Idaho	1,026	Kentucky	2,306
11	Illinois	550	Ohio	800	Kansas	2,231
12	Kentucky	528	Minnesota	795	Georgia	2,135
13	Tennessee	505	Oregon	740	North Carolina	2,044
14	Indiana	436	Nebraska	661	Tennessee	1,993
15	Virginia	352	Kansas	655	Alabama	1,337
16	Kansas	337	North Dakota	601	Texas	1,315
17	Mississippi	322	Illinois	588	Michigan	1,217
18	Nebraska	299	Missouri	557	Virginia	1,006
19	North Dakota	276	Arizona	549	Pennsylvania	768
20	Vermont	276	Indiana	416	Mississippi	680
21	North Carolina	272	Michigan	342	North Dakota	655
22	Louisiana	255	Washington	306	South Carolina	615
23	South Dakota	251	Nevada	283	Oklahoma	575
24	Washington	250	Virginia	254	California	490
25	Alabama	234	Kentucky	240	Arkansas	474
26	Maryland	226	Wisconsin	225	Florida	413
27	Oklahoma	226	West Virginia	220	Colorado	335
28	Idaho	215	Pennsylvania	210	Maryland	282
29	Georgia	212	Oklahoma	191	Montana	281
30	Arkansas	200	New York	145	Oregon	234
31	Florida	184	Tennessee	118	Idaho	233
32	Oregon	156	Louisiana	71	Louisiana	218
33	New Jersey	125	North Carolina	36	Washington	212
34	West Virginia	122	Arkansas	35	Massachusetts	142
35	Colorado	114	Maine	34	New York	139
36	South Carolina	103	Mississippi	33	West Virginia	122
37	Utah	102	Maryland	29	New Jersey	108
38	Maine	101	Alaska	18	Utah	85
39	Massachusetts	93	Alabama	14	New Mexico	68
40	Connecticut	84	New Jersey	14	Delaware	63
41	Montana	74	Georgia	11	Wyoming	51
42	New Hampshire	57	Massachusetts	11	Arizona	39
43	Arizona	54	Vermont	9	Maine	27
44	New Mexico	43	Connecticut	8	Connecticut	20
45	Wyoming	28	South Carolina	8	New Hampshire	19
46	Delaware	26	Florida	7	Vermont	17
47	Nevada	17	New Hampshire	7	Nevada	16
48	Hawaii	15	Delaware	5	Rhode Island	11
49	Rhode Island	14	Rhode Island	2		
50	Alaska	3	Hawaii	---		
United States		18,073		28,151		92,902

1/ Total pigs saved from December-May and June-November pig crops, 48 States.

Wisconsin, the leading dairy State, had 1.0 million more cows 2 years old and over than Minnesota, the second ranked State. California (5) and Michigan (7) each moved up 1 position, and Iowa (6) and Ohio (8) each dropped in number of milk cows. New Mexico (44) was the only State to gain in number of dairy cows on farms. Only 5 States were unchanged from a year earlier.

The number of sheep and lambs on farms declined generally and all but 4 States had fewer of these on farms January 1, 1964, than a year earlier. All of the 10 States leading in sheep and lamb numbers are west of the Mississippi River. California moved ahead of Colorado to third place, the reverse of what occurred last year.

The top 10 States, ranked by number of pigs saved during 1963, did not change. Iowa, the leader with 20.3 million pigs saved, accounted for 22 percent of the U. S. total. The 5 ranking States combined (Iowa, Illinois, Indiana, Missouri, and Minnesota) accounted for 58 percent of all pigs saved. Kentucky (10) was the only State in the "top 10" that is outside the North Central Region.

RETAIL MEAT PRICES

Retail prices for cuts of beef declined during 1963 from the high levels of late 1962 because of increased supplies of beef. Prices of the higher quality cuts in 1962, such as round steak and rib roasts, were above any year since 1952. Prices of both of these cuts dropped in early 1963, but then rose in the summer months only to decline again in the fall. Chuck roasts followed the same price pattern in 1963. However, retail hamburger prices dropped early in 1963 and then held relatively constant the rest of the year. A slight rise in retail beef prices is expected in the second quarter this year.

Cuts of pork at retail were priced below those in the same month a year earlier during most of 1963, especially in the fall months when large quantities were available. Bacon and hams in late 1963 were priced below similar periods for any year since 1959. Pork chops were priced a little lower than in 1962, but prices were not much different from other recent years. Last year's retail pork prices declined from the first to the second quarter. This year, a slight rise is in prospect as supplies of pork are reduced more than seasonally.

Retail prices of veal cutlets were higher in every month of 1963 than in corresponding months of 1962 and for the year were the highest on record. This was a response to the continued downtrend in veal production. Retail prices for veal in the coming months likely will be little changed from the first 6 months of 1963.

Leg of lamb prices were higher than in the same months a year earlier for the first 7 months of 1963, but then averaged lower in the remaining months. Overall retail prices of lamb changed less last year than in 1962. Retail lamb prices are expected to continue unchanged from the fourth quarter of last year through the first 6 months of 1964.

Table 9.--Average retail price of specified meat cuts, per pound, by months, 1960 to date

Year and Item	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.
	Ct.	Ct.	Ct.	Ct.	Ct.	Ct.	Ct.	Ct.	Ct.	Ct.	Ct.	Ct.
Beef, Choice 1/												
Round steak												
1960	106.0	105.2	105.6	107.7	105.9	105.8	105.7	105.6	104.8	104.9	103.8	104.6
1961	105.6	106.2	105.7	104.9	104.2	101.6	100.6	101.2	102.8	102.7	103.6	104.4
1962	105.4	106.1	105.1	106.2	105.5	105.8	105.9	106.5	112.6	111.2	110.9	112.0
1963	110.8	111.0	109.0	104.7	104.7	103.3	104.3	107.0	105.5	107.2	106.4	102.8
Rib roast												
1960	82.0	81.3	81.6	81.1	82.4	82.3	82.3	82.0	81.0	81.3	81.1	81.4
1961	83.4	82.7	82.2	81.9	80.8	80.0	78.4	78.6	79.3	79.5	80.3	81.3
1962	82.9	81.5	82.1	82.1	82.0	82.3	82.6	83.5	88.8	87.0	87.3	87.5
1963	88.4	86.8	84.8	82.2	82.3	81.8	82.4	83.4	83.6	83.4	82.2	83.4
Chuck roast												
1960	62.7	62.6	62.6	64.0	63.0	61.9	60.6	60.8	59.9	59.3	60.1	61.4
1961	63.1	62.7	62.3	61.6	59.8	57.1	56.1	55.8	57.1	58.2	59.1	60.0
1962	60.4	61.1	61.9	61.9	60.7	59.0	59.5	61.3	66.6	65.0	65.1	65.2
1963	65.2	64.3	63.0	59.2	59.0	56.6	57.2	60.2	60.3	59.4	59.9	59.2
Hamburger												
1960	53.2	52.5	52.7	53.2	52.8	52.6	52.9	52.2	51.7	51.6	51.3	51.9
1961	52.4	52.6	52.3	52.0	51.6	50.9	50.4	49.2	50.5	50.6	51.0	51.1
1962	51.5	51.3	51.5	51.5	51.3	51.4	51.4	51.5	53.9	53.4	53.2	53.4
1963	53.1	52.7	52.0	51.0	50.8	50.5	50.6	50.4	51.6	51.0	51.0	51.2
Pork												
Chops												
1960	78.4	78.2	80.8	84.1	82.3	86.0	89.6	89.8	90.1	91.1	90.2	88.9
1961	89.5	87.7	86.8	87.0	85.1	86.2	89.9	88.8	90.1	90.2	87.9	85.4
1962	87.4	87.9	87.3	86.7	86.5	86.3	90.9	94.3	99.7	91.9	90.4	88.5
1963	89.0	88.1	86.9	81.1	83.1	87.4	90.9	92.7	92.9	90.5	88.3	87.4
Bacon, sliced												
1960	57.5	58.2	58.8	63.9	66.6	67.4	67.5	71.0	68.9	68.7	68.2	69.2
1961	69.7	70.8	70.5	69.8	69.6	69.5	70.2	73.5	75.0	76.5	71.2	68.5
1962	67.7	67.9	67.7	67.8	68.4	68.8	71.8	74.0	75.8	73.6	70.9	69.7
1963	68.9	67.6	65.9	64.3	64.4	65.7	71.4	73.4	72.9	69.9	67.4	67.3
Hams, whole												
1960	58.6	58.2	58.8	58.1	61.3	61.4	61.5	61.6	60.4	61.0	61.2	63.1
1961	63.2	62.8	62.7	61.7	60.1	60.0	59.8	60.3	61.6	60.6	60.7	62.1
1962	62.2	61.8	61.5	62.1	61.1	61.2	61.3	62.4	63.9	62.9	63.3	63.9
1963	63.2	62.4	61.3	60.4	58.2	59.0	60.1	61.0	60.9	60.8	60.7	60.7
Veal cutlet												
1960	141.9	143.1	144.0	143.1	143.1	143.2	141.1	140.1	140.9	140.6	137.9	140.1
1961	143.1	145.1	144.2	144.2	142.8	142.0	142.2	141.8	142.4	142.3	142.1	143.7
1962	145.0	147.5	146.8	146.3	147.8	147.5	147.1	148.3	149.8	150.2	150.6	150.4
1963	149.9	151.9	151.7	151.0	150.0	151.2	152.4	151.8	151.8	152.0	152.0	152.1
Leg of lamb												
1960	73.3	72.5	73.7	75.0	76.2	77.1	75.1	73.5	73.3	73.1	72.8	71.6
1961	72.4	71.8	72.3	71.4	69.1	70.1	69.7	68.1	69.2	69.1	68.8	69.3
1962	69.7	69.4	69.7	69.5	70.4	72.7	72.9	73.3	74.1	74.1	74.3	73.5
1963	73.6	73.2	71.5	71.0	73.1	73.4	73.6	72.5	73.0	72.6	72.2	70.9

1/ Except hamburger, which has no grade designation.
Compiled from data of the Bureau of Labor Statistics.

USDA Meat Purchases

USDA purchases of meat and lard for schools participating in the National School Lunch Program and for distribution to institutions and needy families amounted to $53.2 million in July-December 1963, compared with $46.6 million for the same period a year earlier. Procurement costs for these programs in the fiscal year ended June 30, 1963, totaled $79.5 million.

Funds for the school lunch program are provided under Sec. 6 of the National School Lunch Act. Funds for the surplus removal program are provided under Sec. 32, Public Law 320.

Purchases of canned pork packed in natural juices, for distribution under the National School Lunch Program have been completed. Purchases since the beginning of the program in September totaled 23.7 million pounds at an f.o.b. cost of $12.3 million.

Since the beginning of the programs, purchases of canned chopped meat for needy families have totaled 102.9 million pounds at an f.o.b. cost of $36.5 million; and purchases of lard for schools, institutions, and the needy have totaled 93 million pounds at an f.o.b. cost of $11.2 million.

USDA Announces Two Beef Purchase Programs

The Secretary of Agriculture announced on March 1 that the USDA will initiate 2 beef purchase programs in a further effort to improve prices to producers.

Under 1 program, the Department will buy substantial quantitites of USDA Choice grade beef for distribution primarily to schools. It will be bought in the form of frozen boned roasts and ground beef.

Under the second program, the USDA will purchase substantial quantities of canned beef in natural juices for distribution to needy families. The program calls for canned beef of USDA Cutter grade or higher, or any combination of those grades.

First deliveries under the frozen beef program will be made in the week beginning March 30, and under the canned beef program, in the week beginning April 6.

The Livestock and Meat Situation is published in January, March, May, July, October, and November.

The next issue is scheduled for release in May 1964

The INVENTORY CYCLE AND SLAUGHTER WEIGHTS OF STEERS

BY
Forrest E. Walters
Economic and Statistical Analysis Division, ERS

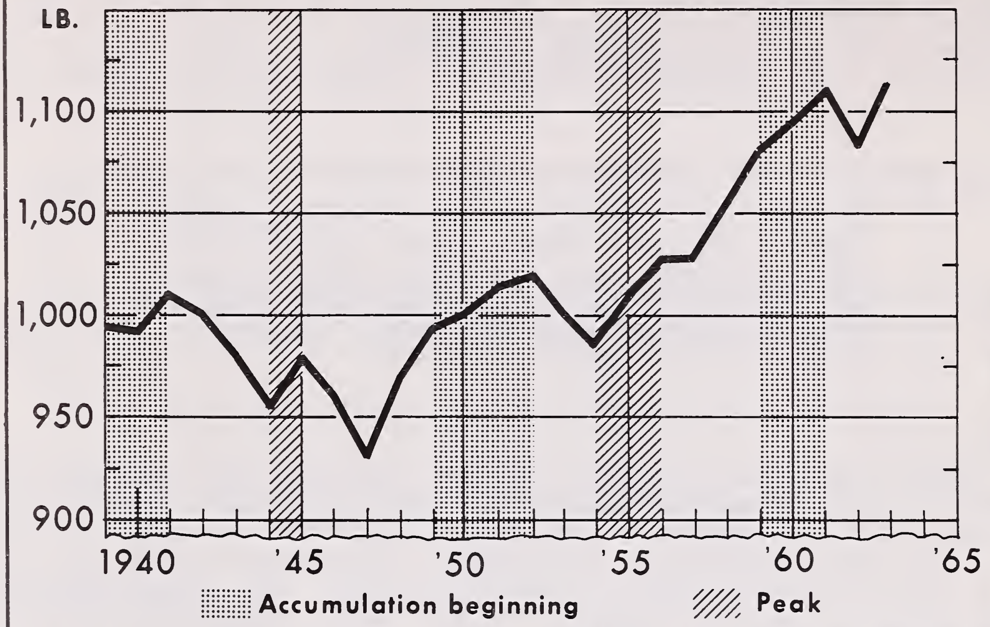
This article is intended to show how live weight of steers slaughtered changes in each phase of the cattle inventory cycle and whether proportionately more light-weight cattle are slaughtered without Federal inspection than with Federal inspection during different phases of the cycle.

Annual inventories of cattle on farms show trends and recurring cycles. The cycle is shown by wavelike fluctuations about the trend, characterized by recurring phases of accumulation and liquidation of the inventory of cattle on farms. (See chart on page 26.) For example, fluctuations during the periods 1939 to 1949 and 1949 to 1958 are considered cycles. One interesting aspect of such cycles is how steer slaughter weights change during different phases of each cycle.

The live weight per head of steers slaughtered under Federal inspection tends to increase at the beginning of a cattle inventory cycle when numbers are accumulating. From 1939 to 1941, these weights increased from 994 to 1,010 pounds; from 1949 to 1952, they increased from 994 to 1,019 pounds; and from 1959 to 1961 they increased from 1,081 to 1,111 pounds. This happens because cattle prices are rising during these periods and profits can be increased by feeding for longer periods and to heavier weights if feed costs do not increase. This is demonstrated in the beef steer-corn price ratios at the beginning of the inventory cycles. (See chart on page 27.) The beef steer-corn price ratio represents the prices of slaughter steers relative to feed costs. The ratio is always relatively high in these periods. For example, from 1939 to 1941, it was around 17.4; from 1949 to 1952, it was 19.5; and from 1959 to 1961, it was 22.7. However, marketings are held back in anticipation of higher prices only as long as the increase in total returns is greater than the increase in costs.

The live weight per head of steers slaughtered under Federal inspection also tends to increase at the peak of the cattle inventory cycle. The peaks from 1944 to 1945 and from 1955 to 1956 are both represented by increases in these weights, from 953 to 978 pounds and from 986 to 1,029 pounds, respectively. These increases show that feeders, at the peak of cycles, tend to withhold fed cattle from the market in expectation of higher prices. Often, prices are depressed and fluctuating during this phase of the cycle and feeders are not yet aware that the liquidation phase is beginning.

AVERAGE LIVE WEIGHT OF STEERS



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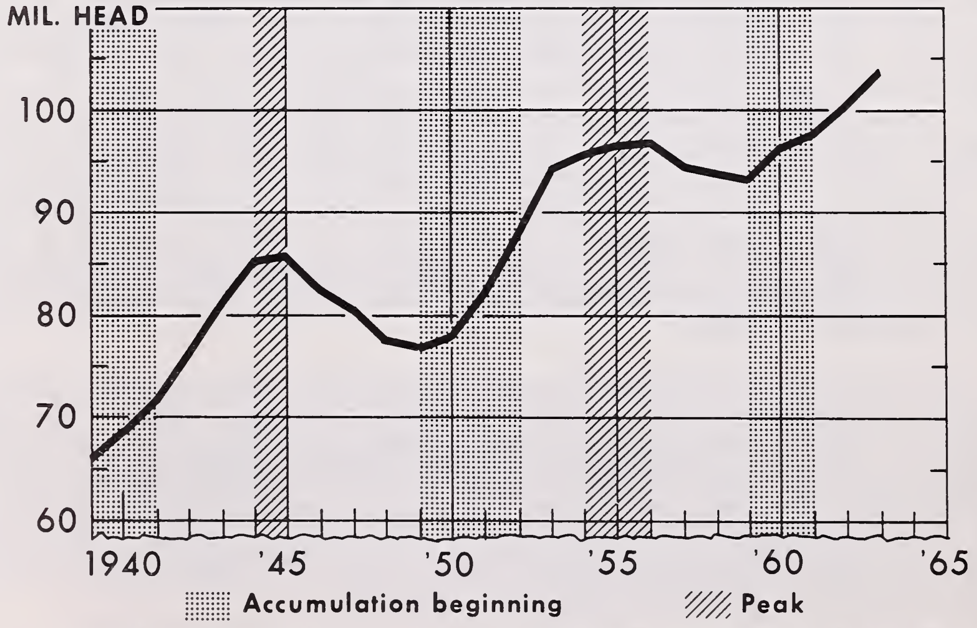
CATTLE ON FARMS



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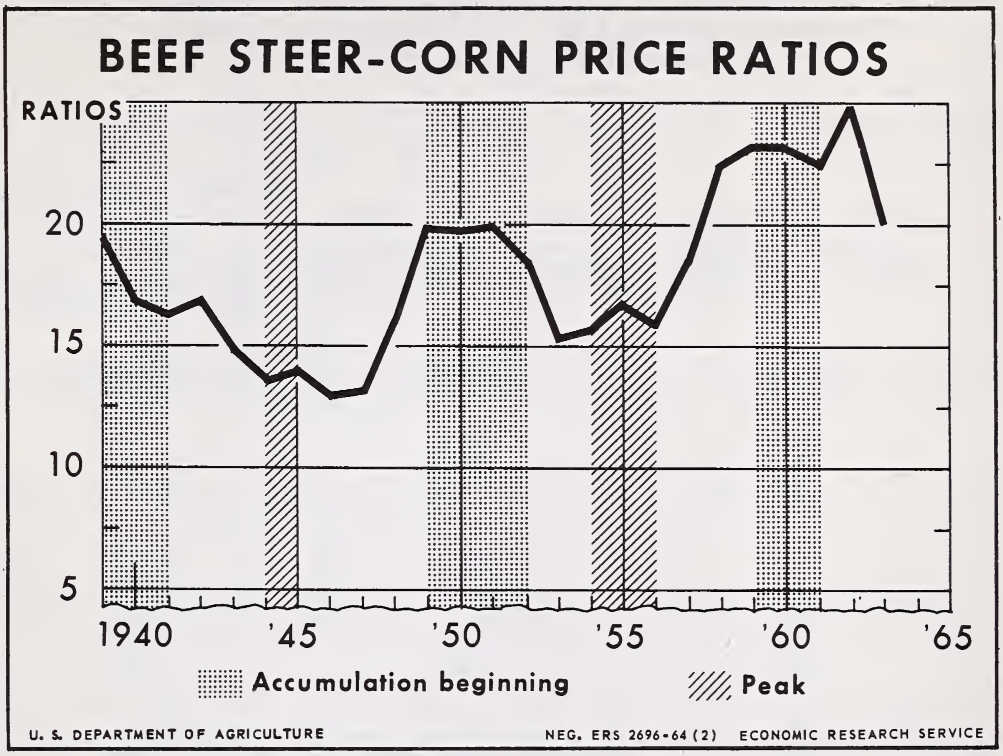

During periods such as 1941 to 1944, and 1952 to 1954, the inventory numbers of cattle on farms were still accumulating. The average live weight of steers slaughtered followed the beef steer-corn price ratio. The same relationship held when cattle inventories were being liquidated. However, 1962 seemed to be an exception: The price of slaughter steers rose considerably more than anticipated and feeders may have marketed earlier than usual to take advantage of the high prices.

Regardless of the cylical nature of the inventory of cattle on farms, the relationship of the live weight of cattle slaughtered under Federal inspection to cattle slaughtered without Federal inspection has remained rather stable over the last 17 years. This is an indication that in the liquidation phase of the cycle, the same proportionate number of light-weight cattle are slaughtered without Federal inspection as with Federal inspection. However, the live weight per head of cattle slaughtered under Federal inspection has always exceeded that of cattle slaughtered without Federal inspection. The average live weight under Federal inspection during the last 17 years was 996 pounds, while that for cattle slaughtered without Federal inspection was only 866 pounds, or about 87 percent of the weight per head of cattle slaughtered under Federal inspection. (See table 10.)

Table 10.--Comparisons of live weights of cattle slaughtered under Federal inspection with cattle slaughtered without Federal inspection, 1947-63

Year	Average live weight, slaughter with Federal inspection	Average live weight, slaughter without Federal inspection 1/	Average weight without Federal inspection as a percentage of average weight with Federal inspection
	Pounds	Pounds	Percent
1947	928	812	88
1948	945	822	87
1949	976	837	86
1950	989	854	86
1951	992	871	88
1952	990	856	87
1953	970	835	86
1954	958	832	87
1955	975	839	86
1956	989	851	86
1957	992	855	86
1958	1,018	885	87
1959	1,045	908	87
1960	1,032	904	88
1961	1,043	914	88
1962	1,027	919	90
1963 2/	1,057	936	89

1/ Estimated from the total live weight of non-federally inspected commercial slaughter and farm slaughter.

2/ Preliminary.

Supply and distribution of meat, by months, July 1963 to date

Meat and period	Commercially produced								Total 2/		
	Supply			Distribution							
	Production	Beginning stocks	Imports	Exports and shipments	Ending stocks	Military	Civilian consumption		Production	Civilian consumption	
							Total	Per person 1/		Total	Per person
	Mil. lb.	Mil. lb.	Mil. lb.	Mil. lb.	Mil. lb.	Mil. lb.	Mil. lb.	Lb.	Mil. lb.	Mil. lb.	Lb.
Beef:											
July	1,371	190	168	5	193	33	1,499	8.1	---	---	---
August	1,397	193	176	5	201	24	1,536	8.2	---	---	---
September	1,342	201	3/176	5	220	36	1,458	7.8	---	---	---
3rd quarter	4,110	190	3/520	15	220	93	4,492	24.2			4/24.2
October	1,513	220	3/153	6	237	6/			---	---	---
November	1,300	237	3/129		268	28			---	---	---
December	1,316	268	3/132		281				---	---	---
4th quarter	4,129	220	3/414		281						
Year	16,050	189	3/1,653		3/281						
Veal:											
July	71	8	1	5/	7	4	69	.4	---	---	---
August	76	7	2	5/	7	3	75	.4	---	---	---
September	76	7	3/4	5/	8	10	69	.4	---	---	---
3rd quarter	223	8	3/7	5/	8	17	213	1.1			4/1.2
October	83	8	3/4	5/	9	6/			---	---	---
November	70	9	3/3		11	2			---	---	---
December	67	11	3/3		13				---	---	---
4th quarter	220	8	3/10		13						
Year	846	12	3/26		3/13						
Lamb and mutton:											
July	64	20	12	5/	20	5/	76	.4	---	---	---
August	64	20	9	5/	20	5/	73	.4	---	---	---
September	66	20	3/7	5/	18	5/	75	.4	---	---	---
3rd quarter	194	20	3/28	5/	18	5/	224	1.2			4/1.2
October	76	18	3/4	5/	18	6/			---	---	---
November	59	18	3/5		17	5/			---	---	---
December	59	17	3/14		18				---	---	---
4th quarter	194	18	3/23		18						
Year	757	15	3/145		3/18						
Pork:											
July	850	324	22	13	275	24	884	4.8	---	---	---
August	858	275	15	12	220	19	897	4.8	---	---	---
September	955	220	3/16	15	210	22	944	5.1	---	---	---
3rd quarter	2,663	324	3/53	40	210	65	2,725	14.7			4/14.5
October	1,111	210	3/21	20	211	6/			---	---	---
November	1,075	211	3/18		250	12			---	---	---
December	1,130	250	3/21		277				---	---	---
4th quarter	3,313	210	3/60		277						
Year	11,868	230	3/226		3/277						
All meat:											
July	2,356	542	203	18	495	61	2,527	13.6	---	---	---
August	2,395	495	202	17	448	46	2,581	13.9	---	---	---
September	2,439	448	3/203	20	456	68	2,546	13.7	---	---	---
3rd quarter	7,190	542	3/608	55	456	175	7,654	41.2			4/41.2
October	2,783	456	3/182	26	475	6/			---	---	---
November	2,504	475	3/155		529	42			---	---	---
December	2,572	546	3/170		589				---	---	---
4th quarter	7,859	456	3/507		589						
Year	29,521	446	3/2,050		3/589						

1/ Derived from estimates by months of population eating out of civilian food supplies.
2/ Includes production and consumption from farm slaughter.
3/ Preliminary.
4/ Estimated.
5/ Less than 500,000 pounds.
6/ Data not yet available.

Selected price statistics for meat animals and meat

Item	Unit	1963			1964	
		Year average or total	February	December	January	February
Cattle and calves						
Beef steers, slaughter	Dollars per 100 pounds					
Chicago, Prime		24.89	26.10	23.08	23.28	
Choice	do.	23.96	24.93	22.30	22.61	
Good	do.	23.01	23.69	21.43	21.52	
Standard	do.	20.65	21.25	18.96	18.59	
Utility	do.	18.91	18.85	16.96	16.58	
All grades	do.	23.79	24.69	22.16	22.38	
Omaha, all grades	do.	22.70	23.39	20.72	21.41	
Sioux City, all grades	do.	22.89	24.04	21.00	21.88	
Cows, Chicago						
Commercial	do.	15.11	15.24	12.66	13.12	
Utility	do.	15.10	15.00	12.71	13.19	
Cutter	do.	14.06	13.61	11.79	12.14	
Canner	do.	12.86	12.57	10.68	11.11	
Vealers, Choice, S. St. Paul	do.	29.48	31.65	27.34	30.90	
Stocker and feeder steers, Kansas City 1/	do.	22.95	23.89	20.06	21.17	
Price received by farmers						
Beef cattle	do.	2/19.85	20.40	17.60	18.60	
Cows	do.	2/13.69	13.90	12.10	12.70	
Steers and heifers	do.	2/22.22	23.00	20.00	20.90	
Calves	do.	2/24.34	25.20	22.40	23.00	
Hogs						
Barrows and gilts, U. S. No. 1, 2 & 3, Chicago						
200-220 pounds	do.	16.07	15.52	15.16	15.39	
220-240 pounds	do.	15.94	15.19	14.90	15.16	
240-270 pounds	do.	15.56	14.90	14.09	14.50	
All weights	do.	15.53	15.25	14.49	14.81	
Barrows and gilts, 8 markets 3/	do.	15.38	15.14	14.21	14.70	
Sows, Chicago	do.	13.36	13.11	11.19	11.85	
Price received by farmers	do.	2/14.98	14.80	13.50	14.40	
Hog-corn price ratio 4/						
Chicago, barrows and gilts		12.7	12.8	12.2	12.2	
Price received by farmers, all hogs		13.6	14.0	12.6	13.2	
Sheep and lambs	Dollars per 100 pounds					
Sheep						
Slaughter ewes, Good, Chicago	do.	6.41	7.00	5.75	6.06	
Price received by farmers	do.	2/ 5.90	6.43	5.88	5.97	
Lamb						
Slaughter, Choice, Chicago	do.	20.10	18.58	19.12	19.76	
Feeder, Choice, Omaha	do.	17.41	17.44	---	---	
Price received by farmers	do.	2/18.22	17.60	17.50	17.90	
All meat animals						
Index number price received by farmers (1910-14=100)		289	294	259	274	
Meat						
Wholesale, Chicago	Dollars per 100 pounds					
Steer beef carcass, Choice, 500-600 pounds		41.12	41.94	38.23	39.40	
Lamb carcass, Choice, 45-55 pounds	do.	42.70	39.54	39.91	40.72	
Composite hog products:						
Including lard						
71.90 pounds fresh	Dollars	16.98	16.69	16.31	16.57	
Average per 100 pounds	do.	23.61	23.21	22.68	23.04	
71.01 pounds fresh and cured	do.	21.28	21.16	20.80	20.63	
Average per 100 pounds	do.	29.97	29.80	29.29	29.05	
Excluding lard						
55.99 pounds fresh and cured	do.	19.19	18.95	18.67	18.53	
Average per 100 pounds	do.	34.27	33.85	33.34	33.10	
Retail, United States average	Cents per pound					
Beef, Choice grade		81.0	84.9	78.9		
Pork, retail cuts	do.	57.5	57.8	56.3		
Lamb, Choice grade	do.	72.6	72.6	70.9		
Index number meat prices (BLS)						
Wholesale (1957-59=100)		91.5	92.8	86.1		
Retail (1957-59=100) 5/		100.8	102.8	99.7		

1/ Average all weights and grades.
2/ Simple average of monthly prices.
3/ Chicago, St. Louis N. S. Y., Kansas City, Omaha, Sioux City, S. St. Joseph, S. St. Paul, and Indianapolis.
4/ Number bushels of corn equivalent in value to 100 pounds of live hogs.
5/ Includes beef and veal, pork, leg of lamb and other meats.

Selected marketing, slaughter and stocks statistics for meat animals and meat

Item	Unit	1963			1964	
		Year average or total	February	December	January	February
Meat animal marketings						
Index number (1947-49=100)		140	120	136	158	
Stocker and feeder shipments to						
8 Corn Belt States	1,000					
Cattle and calves	head	6,612	234	578	338	
Sheep and lambs	do.	2,403	84	122	192	
Slaughter under Federal inspection						
Number slaughtered						
Cattle	do.	21,662	1,559	1,808	2,013	
Steers	do.	12,496	891	992	1,147	
Heifers	do.	4,807	351	418	427	
Cows	do.	4,157	302	381	421	
Bulls and stags	do.	206	14	16	18	
Calves	do.	4,535	361	400	412	
Sheep and lambs	do.	13,955	1,053	1,105	1,296	
Hogs	do.	71,577	5,665	6,695	6,956	
Percentage sows	Percent	8	5	8	7	
Average live weight per head						
Cattle	Pounds	1,046	1,056	1,058	1,066	
Calves	do.	200	199	185	201	
Sheep and lambs	do.	98	103	99	101	
Hogs	do.	240	237	245	244	
Average production						
Beef, per head	do.	608	610	608	621	
Veal, per head	do.	113	113	104	114	
Lamb and mutton, per head	do.	48	51	48	50	
Pork, per head	do.	144	141	148	146	
Pork, per 100 pounds live weight	do.	60	60	60	60	
Lard, per head	do.	30	28	30	30	
Lard, per 100 pounds live weight	do.	12	12	12	12	
Total production	Million					
Beef	pounds	13,137	949	1,096	1,246	
Veal	do.	513	41	42	47	
Lamb and mutton	do.	668	53	53	64	
Pork	do.	10,280	799	987	1,306	
Lard	do.	2,117	161	198	209	
Commercial slaughter 1/						
Number slaughtered	1,000					
Cattle	head	27,235	1,978	2,234	2,512	
Calves	do.	6,824	540	587	611	
Sheep and lambs	do.	15,826	1,171	1,237	1,437	
Hogs	do.	83,354	6,604	7,734	7,998	
Total production	Million					
Beef	pounds	16,050	1,170	1,316	1,511	
Veal	do.	846	66	67	75	
Lamb and mutton	do.	757	59	59	71	
Pork	do.	11,868	923	1,130	1,161	
Lard	do.	2,374	182	220	232	
Cold storage stocks first of month						
Beef	do.	---	166	268	281	274
Veal	do.	---	11	11	13	14
Lamb and mutton	do.	---	13	17	19	18
Pork	do.	---	249	250	277	329
Total meat and meat products 2/	do.	---	502	623	653	720

1/ Federally inspected, and other commercial.

2/ Includes stocks of canned meats in cooler in addition to the four meats listed.

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